

Case Analysis on CSR

Timothy Attah

Old Dominion University

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Dr. Andrew Garnar

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Between the months of May and July in the year 2017, 147.9 million Americans along 15.2 million British citizens and 19,000 Canadian citizens who had their credit information with Equifax. This leaked information including home addresses, social security numbers, date of births, phone numbers as well as a plethora of personal data. Data that if given to the wrong person, it can be utilized for whatever use they choose to do such as identity theft. This data breach was caused by the careless handling of information on the part of Equifax. They failed to update their servers after a security exploit was found. The fault of this breach lied in the hands of Equifax, as their poor encryption management and poor cybersecurity posture showed a lack of care for their customers. In this Case Analysis I will argue that deontology shows us that the Equifax breach harmed their customers by being careless and that this was morally bad.

Milton Friedman's *The Social Responsibility of Business Is to Increase Its Profits* is centered around the idea that the sole responsibility of a business is to create profitable value to benefit their shareholders. Then the shareholders could take it upon themselves to invest their money into whatever they wanted to. He writes that it is not up to companies to uphold social ethics because that is not the goal of business. Milton Friedman was a laissez-faire capitalist through and through, he also believed that capitalism was not a humane or inhuman practice. Hence, his reasoning for the outlook he has on business but that does mean he is correct in that thinking. Milton Friedman free economy approach gives power to companies over their customers because the government cannot regulate anything that is done by these companies. The Equifax Data Breach is an example of a lack of corporate social responsibility that would become commonplace if we lived by the ideals of Milton

Friedman. Friedman's way of business would justify the Equifax Data Breach in the early stages and he would only be against in the end because of the lost profit and not because of ethical failure. If the main point of business is for the improvement of humankind, then more care would be taken to prevent data breaches. A lack of responsibility towards their customers led to ignoring a vulnerability in their cybersecurity system that caused millions to suffer. Another point Milton Friedman does not factor in is that the company shareholders suffer the same as the company does. He writes that a company has no social responsibility to the public or to society; its only responsibility is to its shareholders. I believe this statement is fallacious, the company as well as the shareholders are only able to generate profit through society and the public and hence do own responsibility towards them. Through focusing on purely profiting off of someone and completely disregarding their humanity is everything Immanuel Kant was against. That way of conducting business for the pure profit will only harm customers as the company will always do anything to make profit. Friedman is denying the views and interest of the public, only caring for the potential profit that could be made for the company.

With the primary goal being the increase of profit, the Kantian philosophy of Deontology is not being upheld in the slightest. Deontology is the ethical theory that uses rules to distinguish right from wrong. He believes to consider what is right, one should use reason and the consideration of other human beings as a guide for their morality. He believes in the moral obligation to always do the right thing regardless of desire and for the right reasons. Just like how objects can be used for mere means, the same cannot be said about human beings. The laptop that I am typing on will be throw away and replaced if it stops working and cannot be fixed. The same cannot be done to a sentient life forms as even animals are not used as mere means as well. By making the only goal of a company profit, once that profit ends the company will stop providing whatever goods and services

that the consumer needs. Hence the company does not care about the well-being of their consumers only the profit they can provide, allowing them to cut corners and commit unethical and downright immoral acts in the name of profit.

In Melvin Anshen's "*Changing the Social Contract: A Role for Business*," Anshen declares that it is up to businesses in the 21st century to define what the social contract is in our time. They are supposed to help set the relationships between business and society. The social contract according to the Oxford dictionary is the implicit agreement among the members of a society to cooperate for social benefits. This ideal comes with the idea that rights come with obligations that you must follow if you want to reap the benefits of a system. Unlike Milton Friedman, Melvin Anshen suggest that corporations have duties above simply making profit. As an integral facet of society, they own a huge responsibility that they have to live by. Essentially, because corporations benefit from society, they must also pay the obligations that come with the benefits they receive from society. This is why corporation should definitely be expected and held accountable for being part of society and the issues within them. Whether that is about the environment, social issues or anything of that because they are given so much power within the community by society. The era of shady capitalism that came in the dawn of the industrial revolution will not work in this era, with how educated the masses is. In those time society needed business, now arguably businesses need society. Hence, they must give in to societal demands, whether it's from the stockholders or just general consumers. He also writes that motivation of business should be of least importance. Deontology follows the natural law that upholds righteousness for the pure good of others as oppose to duty. So even Anshen's ideals do not follow deontology but the idea that businesses should be active in the community is still a

morally right one. However, with rules serving as moral backbone of deontology, a company framework geared towards corporate social responsibility would work. It is based on the moral responsibility that corporations play in society rather than reputation. It is this ideal that represent the Kantian philosophy. That is the main point of Anshen's "*Changing the Social Contract: A Role for Business*," it collects the idea of the social contract between a monarch and their people, such was the fate of life during the medieval times. Now that contract begins between society and corporations. Just like how the people are giving profit to companies, companies should in turn protect the interests of the people who are giving them profit. With a set of rules and frameworks that are set to help the public because of the moral responsibility with "the modern social contract," Anshen refers to. Rules that show care towards members of society and not just profit, this makes Melvin Anshen's line of thinking in terms of corporate social responsibility is closer in line with the Kantian philosophy as oppose to Milton Friedman's. The main theme of deontology is the establishment of right and wrong through universally recognized moral laws. For example, every culture frowns against lying, cheating and stealing hence these things should not be done by anyone under any circumstances. These ideals should be followed because they are right and not because of results, that is Melvin Anshen's ideals in the moral responsibility that businesses hold to society.

Reading these articles as well as studying the multiple ethical theories of the categorical imperative to be specific deontology has really opened my eyes on the responsibility of business. The idea of capitalism is one where capital generation is the most important purpose is one of the past. The exploitation of the communities and people for the benefit of profit is something that will not work in our society. This is why just as

important as profit is, now company image matters that much as well. To have great reputation that is why it is essential to have a great system of corporate social responsibility both logically and ethically. CSR does not necessarily have to gear towards taking care of racism or helping out the community but to at the very least show some compassion towards the people that make you profit and reap rewards from, and Equifax has suffered from not doing that. In light of the 2017 breaches, Equifax lost 1.7 billion dollars and paid millions more in damages to their customers (Housing Wire, 2020). As bad as the lost in profit was, I think their ethics was the worst case in the situation. They ignored clear signs of danger because they thought nothing was going to happen to them, they were purely motivated by results and in a way profit because they did not want to spend money on an updated cybersecurity software. When they should have patched things up because it is the morally right thing to do. Even if the breach did not happen, Equifax should still be held in contempt because they broke the universal law and the social contract that Melvin Anshen explains in his article.

References

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